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D.C. jumps at health-care savings in expanded Medicaid

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The District asked the federal government Thursday for permission to add thousands of low-income adults to the Medicaid program, becoming one of the first jurisdictions to respond to an expansion of Medicaid eligibility in the new federal health-care law.

The request, if approved, would allow the District to switch 35,000 individuals from an insurance program funded by city taxpayers to the Medicaid program, which is mostly paid for with federal funds, said Julie Hudman, director of the D.C. Department of Health Care Finance.

The city expects to save \$56 million over four years by expanding Medicaid coverage to include low-income adults who cannot not afford private insurance but earn too much to qualify for Medicaid under the old rules.

Connecticut is the only other jurisdiction to have submitted such a proposal -- called a state plan amendment -- to the Centers for Medicare and Medicaid Services (CMS), the federal agency that administers the two health-care programs. Connecticut's plan, submitted in April, would add 45,000 individuals insured by the state to Medicaid, saving \$53 million over the next 15 months, according to a statement by Gov. M. Jodi Rell (R).

"Any state can do this right away," Hudman said. "The year 2014 is the mandate. We're not going to wait. We started working on this as soon as the bill was signed in March."

The District and Connecticut proposals are being closely watched by the Obama administration, which is eager to trumpet early health-care successes. States such as Virginia have [mounted court challenges](#) to the new health-care law, and polls have shown that voters are wary of the overhaul and its cost.

Mary Kahn, a spokeswoman for the Centers for Medicare and Medicaid Services, said the agency worked with officials in the District and Connecticut during the development of their proposals.

Hudman said the District hopes to expand its Medicaid program by July 1.

Eligibility for Medicaid is linked to federal poverty guidelines: annual income of \$10,830 or less for a single adult and \$22,050 or less for a family of four. Under expanded Medicaid, the threshold rises to 133 percent of the poverty level: \$14,404 for an individual and \$29,327 for a family of four.

The District's new enrollees would be mostly homeless people and various low-wage earners, including some restaurant servers, grocery clerks and maids. They are among the 55,000 residents enrolled in the D.C. Healthcare Alliance medical plan, which costs the District \$100 million annually. The plan is free but offers fewer benefits than Medicaid, a spokeswoman for Health Care Finance said.

After the expansion of Medicaid, the Healthcare Alliance would cover about 15,000 city residents who do not qualify for Medicaid because they lack Social Security numbers and are suspected of being illegal immigrants, Hudman said.

About 30,000 residents could remain without health coverage, Hudman said. Half of them qualify for Medicaid but have not enrolled; half do not qualify for Medicaid or the Alliance although they cannot afford private insurance.

Residents who are switched to Medicaid would be notified by mail, Hudman said. Notices to homeless residents would be sent to a shelter or other habitat. "If you don't have an address, you have to give a social service center as an address," she said.

Kahn said CMS is "working closely with several other states who wish to . . . cover this group" of low-wage earners and take advantage of the savings.

The expansion of Medicaid by states and the District is one of the first steps toward improved health-care coverage allowed by the Patient Protection and Affordable Care Act.

States are moving ahead with other aspects of the overhaul.

Twenty-nine states and the District said they are willing to set up federally subsidized high-risk pools for people with preexisting health conditions, according to federal officials. An additional 18 said they will allow the federal government to run the high-risk pools for them.

The law sets aside \$5 billion to operate the temporary pools, which start July 1 and end in 2014, when private insurers will be required to accept all applicants regardless of preexisting conditions.